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Report Highlights:

United States and Canada Announce Organic Equivalency Agreement * Canada Appoints New Agriculture Negotiator * Statistics Canada Releases 2009 Field Crop Area Survey Results * Mongolia New Market for Canadian Livestock and Products * Cash Advance of Program Payment for Manitoba Hog Producers * Potato Processor Utilizes Potato Waste Biogas to Power Facility

General Information:

UNITED STATES AND CANADA ANNOUNCE ORGANIC EQUIVALENCY

AGREEMENT: Late last week, USDA and Agriculture and Agri-Food Canada announced a first-of-its-kind equivalency agreement that will expand opportunities for organic producers in both countries. The "equivalency agreement" follows a review by both nations of the other's organic certification program and a determination that products meeting the standard in the United States can be sold as organic in Canada, and vice versa. This agreement will allow Canada to export certified organic products to be marketed in the U.S. as organic without the need for additional American certification. Similarly, Canada would also deem imports of U.S. organic products

certified under their organic regime as meeting the Canadian requirements for organic products. Both the Canada Organic Biologique logo and the USDA Organic seal may be used on certified organic products from both countries. Post estimates that more than 80 percent of Canada's organic consumption comes from imports, and approximately 75 percent of those imports come from the United States. Organic produce and processed foods are estimated to make up the majority of U.S. organic products exported to Canada. Estimates of the total market for organic products in Canada range from \$2.1 to \$2.6 billion; meanwhile sales of organic products in the United States totaled \$24.6 billion in 2008. Actual trade flows are difficult to track because the lack of international harmonized system codes for organic products. *COMMENT: Canada's new organic regulations and a new logo come into effect on June 30, 2009. Domestic or imported products that meet the production requirements of the new regulations and contain at least 95 per cent organic content may be labeled as "organic" and feature the Canada Organic logo. For more information, [click here](#).*

CANADA APPOINTS NEW AGRICULTURE NEGOTIATOR: Canada has appointed a new Agricultural Trade Negotiator to the World Trade Organization. On June 29, 2009, Mr. Gilles Gauthier will be leaving his position as Director General for Multilateral Trade Policy Division of the Department of Foreign Affairs and International Trade (DFAIT) to join Agriculture and Agri-Food Canada as the new chief agricultural negotiator at the World Trade Organization. He is replacing Mr. Steve Verheul who is moving to DFAIT to act as Canadian negotiator in the Canada-European Union Free Trade negotiations that are currently on-going. Mr. Gauthier is a seasoned trade negotiator and has held the position of Director General of the Multilateral Trade Policy division since 2006 where he worked on many WTO-related matters including the implementation of the Article XXVIII action that Canada took on dairy protein concentrates.

STATISTICS CANADA RELEASES 2009 FIELD CROP AREA SURVEY RESULTS: On June 23rd, Statistics Canada released its preliminary estimate of principle field crop areas based on surveys conducted between May 25, 2009 and June 3, 2009. Weather hampered seeding across Canada resulting in a late start which will likely impact yields. Seeding conditions across Canada ranged from excessively dry (parts of Alberta and Saskatchewan), to cool and damp in Manitoba, Ontario and Quebec. Despite these delays, reported area planted in Statistics Canada's latest crop area surveys are reflective of the seeding intentions expressed by Canadian producers during the March 2009 planting intentions survey. Area planted to all wheat (winter wheat, summer wheat in durum) in 2009 is 10.09 mil. hectares, nearly identical to year 2008 area and in line with the planting intentions for wheat expressed by producers in March 2009. The 2009 May-June planting survey results suggest that area planted to spring wheat in 2009 is expected to rise nearly 7% above 2008 levels to 7.08 mil. hectares, while area planted to winter wheat will fall almost 30% to 755,400 hectares from year 2008 levels. Area planted to durum wheat is expected to fall 7% from year 2008 levels to 2.26 mil. hectares. Area planted to oats is also in line with the seeding intentions expressed earlier in the year. The most recent survey results show that area planted to oats has fallen to 1.57 mil. hectares, an 11% drop from year 2008 levels. Area planted to barley, however, is quite different from the reported intentions in March which predicted barley acreage would rise slightly in 2009 compared to year 2008 levels. Instead, reported area planted to barley has fallen 6% from year 2008 levels to 3.55 mil. hectares. This is the smallest area reported seeded to barley since 1967. The largest area decline is being reported in Saskatchewan. Area reported planted to canola in 2009 is slightly higher than suggested by the March planting intentions, but fell 2% from year 2008 levels

to 6.4 mil. hectares. The largest area of canola area decline is reported in Alberta. Farmers in Quebec and Ontario are planting more soybeans than was suggested by the March planting intentions. The newest survey results suggest that area planted to soybean in Canada has risen 17% above year 2008 levels to 1.41 mil. hectares. The complete report and survey results are available at the following website: [Preliminary Estimate of Principle Field Crop Areas](#)

MONGOLIA NEW MARKET FOR CANADIAN LIVESTOCK AND PRODUCTS: Federal Agriculture and Agri-Food Minister Gerry Ritz said Canadian live cattle, live swine, sheep, goat and bovine genetics, porcine semen, day-old chicks and hatching eggs and meat products including all beef and beef products, could soon be exported to Mongolia. Last week the minister announced that the government of Mongolia had approved a number of Canadian Food Inspection Agency export certificates. "The Government's decision to open a new Embassy in Ulaanbataar last year is already paying dividends," said Canada's International Trade Minister Stockwell Day, who met with Mongolia's Minister for Food, Agriculture and Light Industry, Tunjin Badamjunai, in Ottawa to discuss trade cooperation. "We are the second largest foreign investor in Mongolia and our existing strong commercial relationship in the mining sector is broadening into real opportunities for Canada's agricultural producers." added Day. *COMMENT: Canada's current agricultural exports to Mongolia are virtually zero. Most of Canada's C\$8 million in exports to Mongolia during 2008 was machinery and medical equipment.*

CASH ADVANCE OF PROGRAM PAYMENT FOR MANITOBA HOG PRODUCERS: Federal Agriculture and Agri-Food Minister Gerry Ritz and Manitoba Agriculture, Food and Rural Initiatives Minister Rosann Wowchuk have announced that Manitoba's hog producers will now have access to a Targeted Advance Payment (TAP) under the AgriStability program. TAP was created to provide assistance in times of serious income declines. It utilizes the industry/sector income decline to determine the extent of loss. Based on the industry/sector income decline and the producer's reference margins, TAP is designed to help bridge the gap between the time of revenue loss and the time when the final advanced payment is made under AgriStability. Through the TAP program, approximately 277 eligible Manitoba hog producers will have access to more than C\$37 million in funding. The average advance would be in the range of C\$136,000. "Challenging circumstances throughout this year including high feed prices, a strong Canadian dollar, the COOL regulation in the U.S. and the false connection to the H1N1 flu have created tight market conditions and financial hardship for many hog producers," said Minister Wowchuk. "In response to industry requests, this federal-provincial program has been implemented to address urgent issues and this advance will provide immediate financial assistance now when producers need it the most." *COMMENT: The [AgriStability](#) program is designed to help farmers deal with income reductions by providing assistance when their margins fall below average. The federal government pays 60 per cent of the cost of the program and the provincial government pays 40 per cent.*

POTATO PROCESSOR UTILIZES POTATO WASTE BIOGAS TO POWER FACILITY: Cavendish Farms, one of North America's major potato processors with plants in New Annan, Prince Edward Island (PEI) and Jamestown, North Dakota, unveiled its biogas facility last week at the PEI plant which uses an anaerobic digestion process to convert decomposed potato waste into energy usable by the plant. "This is the first facility in the potato industry to take solid potato waste and convert it into usable energy," Cavendish president Robert Irving said in a press release. The Cavendish biogas plant also marks "the single biggest reduction in greenhouse gases on PEI," the

company said. The biogas plant is expected to help achieve a 30-35 per cent reduction in the overall carbon footprint of the company's potato processing plants, reduce dependence on fossil fuel by about 10 million liters (approximately 2.6 million gallons) annually, allow for fewer fuel deliveries by truck and, preclude the need for trucks to remove potato waste from the plant. Trucking requirements are expected to be reduced by about 1,450 kilometers per day.

Exchange Rate: Noon rate, June 26, 2009 (Bank of Canada): U.S. Dollar = C\$1.1531